

**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

**August 24, 1999**

<b>IN RE:</b>	)	
	)	
<b>PETITION OF HIGHLAND TELEPHONE</b>	)	<b>DOCKET NO. 99-00290</b>
<b>COOPERATIVE, INC., FOR APPROVAL OF AN</b>	)	
<b>INTRALATA TOLL DIALING PARITY PLAN</b>	)	

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**ORDER APPROVING INTRALATA TOLL DIALING PARITY  
IMPLEMENTATION PLAN**

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This matter came before the Tennessee Regulatory Authority (the "Authority") on June 8, 1999, at a regularly scheduled Authority Conference, to consider the Petition of Highland Telephone Cooperative, Inc. ("Highland") for approval of its IntraLATA Toll Dialing Parity Implementation Plan ("the Plan").

Section 251(b) of the Telecommunications Act of 1996 ("the Act") requires all Local Exchange Carriers to provide dialing parity.<sup>1</sup> Specifically, section 251 (b)(3) of the Act states, "Dialing Parity - The duty to provide dialing parity to competing providers of telephone exchange service and telephone toll service, and the duty to permit all such providers to have nondiscriminatory access to telephone numbers, operator services, directory assistance, and directory listing, with no unreasonable dialing delays." The Act further states in sections 251(f)(1) and 251(f)(2) that a rural telephone company may file with the state commission for exemption, suspension or modification of the dialing parity requirements.

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<sup>1</sup> Telecommunications Act of 1996, Pub. L. No. 104-104, (February 8, 1996), codified at 97 U.S.C. §§151 *et seq.*

**FILE**

The Federal Communications Commission ("FCC") initiated a rulemaking on dialing parity on April 19, 1996 and issued its findings in FCC 96-333 Order (Docket 96-98) adopted on August 8, 1996. This Order sets forth the criteria and guidelines for filing of a plan by all carriers. Subsequent to this Order the United States Court of Appeals for the Eighth Circuit vacated the FCC's rules, as they were applicable to intrastate services.<sup>2</sup> On January 25, 1999, the United States Supreme Court reversed certain portions of the Eighth Circuit's decision including that part of the decision which had stricken the FCC's rules pertaining to dialing parity.<sup>3</sup>

The FCC's original date for implementation, February 8, 1999, was reinstated by the Supreme Court's decision of January 25, 1999. As a result of this reinstatement, the FCC released FCC 99-54 Order (Docket 96-98) on March 23, 1999, which set forth revised implementation dates for dialing parity. This Order establishes April 22, 1999 as the new date by which all Local Exchange Carriers must file an IntraLATA Toll Dialing Parity Plan with State Commissions for approval. The Plan must be implemented within thirty (30) days after approval from the State Commission. Additionally, the Order states that the Plan must be filed with the Common Carrier Bureau of the FCC if the State Commission has not acted on the Plan by June 22, 1999.

Highland is a telecommunications company operating under Tenn. Code Ann. Title 65, Chapter 29 as a cooperative local exchange carrier providing telecommunications services in Tennessee. Pursuant to 47 C.F.R. § 51.213, Highland is required to file a plan with the Authority that provides for implementation of intraLATA toll dialing parity in the exchanges served.<sup>4</sup> This

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<sup>2</sup> FCC v. Iowa Utils. Bd., United States Court of Appeals for the Eighth Circuit, July 18, 1997.

<sup>3</sup> AT&T v. Iowa Utils. Bd., 119 S.Ct. 721 (1999).

<sup>4</sup> Under 47 C.F.R. §51.213, the Federal Communication Commission requires that an IntraLATA toll dialing parity plan contain: (1) a proposal that explains how the local exchange carrier will offer intraLATA toll dialing parity for each exchange that such carrier operates in the state, in accordance with the provisions of this section, and a proposed time schedule for implementation; and (2) a proposal for timely notification to its subscribers and the methods it proposes to use to enable each subscriber to affirmatively select an intraLATA toll service provider. The state commission must approve any such plan prior to implementation.

plan must allow customers to pre-subscribe to different carriers for local service, intraLATA toll service and interLATA toll service.<sup>5</sup>

Highland filed its IntraLATA Toll Dialing Parity Implementation Plan on April 22, 1999. The Plan was amended on May 18, 1999. The amended Plan containing Highland's Petition for Approval, is attached hereto as Exhibit I and is fully incorporated herein by this reference.

The Directors considered Highland's Plan at the June 8, 1999 Authority Conference and determined that the Plan, as amended, satisfies the requirements set forth by the FCC in Docket 96-98, FCC Order 96-333 and FCC Order 99-54.<sup>6</sup> The Plan provides for a method that enables customers to select alternate providers of telephone toll service; a method which allows customers to choose different carriers for interLATA and intraLATA service; customer notification/education procedures; and a cost recovery method based on the incremental cost of implementing the Plan. The Directors unanimously voted to approve Highland's Toll Dialing Parity Plan as amended, with the requirement that Highland comply with all applicable sections of FCC Order 96-333 upon implementation of intraLATA equal access.

**IT IS THEREFORE ORDERED THAT:**

1. The amended Plan of Highland Telephone Cooperative, Inc., for IntraLATA Toll Dialing Parity Implementation, a copy of which is attached as Exhibit I, is hereby approved and is incorporated in this Order as if fully rewritten herein;

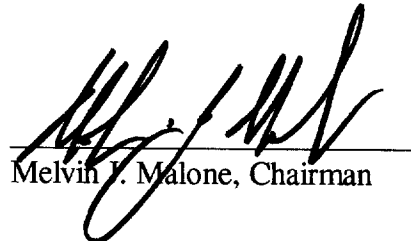
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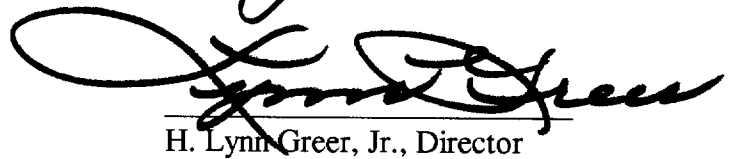
<sup>5</sup> Pre-subscription allows the customer to place a call without dialing an access code.

<sup>6</sup> FCC Order 96-333, released August 8, 1996, sets forth the requirements for implementation of IntraLATA Toll Dialing Parity. FCC Order 99-54, released March 23, 1999, extends to June 22, 1999 the deadline for state commissions to act on a LEC's IntraLATA Toll Dialing Parity Plan.

2. Highland Telephone Cooperative, Inc. shall comply with all applicable sections of FCC Order 96-333 upon implementing IntraLATA equal access; and

3. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten (10) days from and after the date of this Order.

  
Melvin J. Malone, Chairman

  
H. Lynn Greer, Jr., Director

  
Sara Kyle, Director

ATTEST:

  
K. David Waddell, Executive Secretary

HIGHLAND TELEPHONE COOP., INC.

IntraLATA Toll Dialing Parity Implementation Plan

Implementation Date:

Thirty Days Following Approval  
by the Tennessee Regulatory Authority

HIGHLAND TELEPHONE COOP., INC.

Sunbright, Tennessee

April 21, 1999

## **I. Purpose**

Highland Telephone Cooperative, Inc. ("Highland Telephone") describes herein the process for implementing intraLATA toll dialing parity in the Highland Telephone exchanges located in the state of Tennessee. The intent of this Plan is to provide a proposal that, upon implementation, would provide customers the ability to select the participating telecommunications carrier of their choice for routing their intraLATA toll calls. Highland Telephone will associate with the LATA 474 for the purposes of providing toll dialing parity as it currently does for its provision of interLATA equal access.

## **II. IntraLATA Environment**

Highland Telephone customers located in Tennessee can currently dial an access code to complete intraLATA toll calls to another carrier. After implementation of this IntraLATA Toll Dialing Parity Implementation Plan (the "Plan"), customers will be able to subscribe to the carrier of their choice for intraLATA as well as interlata service (two-PIC subscription capability). Customers will dial 1+ the area code and number to complete calls using their presubscribed carrier. If customers wish to complete a call using a carrier other than their subscribed carrier, they will need to dial the carrier's access code (i.e., 101XXXX).

Each end office switch will be equipped with the capability of allowing each end user subscriber to select "no-PIC" as a valid intralata subscription selection. Customers selecting "no-PIC" as their subscribed carrier will not be able to make intraLATA tolls on a 1+ or 0+ dialed basis. Such customers will need to dial an access code each time he or she makes an intraLATA call.

In 1992, toll-free intraLATA county-wide calling was initiated for all Local Exchange Carrier's via an order from the Tennessee Public Service Commission. BellSouth Telecommunications, Inc. ("BellSouth") currently maintains tax-code billing tables to identify "free-county-wide" intraLATA toll calls originated by Highland Telephone intraLATA toll customers and to ensure that billing does not occur on these calls. Highland Telephone will continue to process toll-free intraLATA county-wide calls in this matter for toll customers after implementation of intraLATA toll dialing as long as technically feasible.

## **III. Implementation Schedule**

Highland Telephone will provide intraLATA toll dialing parity in Tennessee within thirty days of the date that the Tennessee Regulatory Authority ("TRA") approves this plan.

#### **IV. Carrier Selection Procedures**

Highland Telephone will implement the full Two-PIC ("Primary Interexchange Carrier") carrier selection methodology. With the full two-PIC methodology, customers will be able to subscribe to one telecommunications carrier for interLATA toll calls and subscribe to the same or a different participating telecommunications carrier, for all intraLATA toll calls. Orders for changes will be accepted and processed beginning on the implementation date.

Highland Telephone employees who communicate with the public, accept customer orders, and serve in customer service capacities will be trained to explain to customers the process for making PIC changes for intraLATA toll calls. Business Office personnel and the Customer Account Records system will be prepared to make changes in customer records based upon requests from customers or carriers and direct customers to their chosen intraLATA carriers.

Processes will be in place to provide new customers with an opportunity to choose their intraLATA toll carrier from a list of available carriers.

##### ***Existing Customers***

Currently, BellSouth is the only subscribed intraLATA toll provider for existing customers in Highland Telephone's local exchange area. With the implementation of the Plan, customers may subscribe to any telecommunications carrier offering intraLATA toll service in their exchange. A customer must make an affirmative choice with respect to its intraLATA 1+ toll provider.

In the absence of this choice, the customer must use a carrier's access code plus the number in order to make an intraLATA toll call.<sup>1</sup> Customers may make this selection through their own initiative or as a result of the promotional marketing activities of participating intraLATA toll telecommunications carriers. Customers may communicate their choice of selected carrier to Highland Telephone directly or through their selected carrier.

Subject to the proposed PIC Charge Waive Period discussed below, customers will be assessed a PIC change charge for changing

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<sup>1</sup> Highland Telephone notes that this aspect of intraLATA toll dialing parity is subject to requests for reconsideration pending before the Federal Communications Commission. See In the Matters of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, et. al, Order, CC Docket No. 96-98, FCC 99-54, released March 23, 1999 at para. 6, n.22. If the FCC revises its rules to allow "default" intraLATA 1+ toll providers, or if the TRA requires this on its own motion, Highland Telephone will, in a manner consistent with the Plan, comply with such requirements at the time the Plan is implemented.

their intraLATA carrier at a rate of \$5.00. When customers request a simultaneous change to the same carrier for their interstate and intrastate service, Highland Telephone will assess one PIC charge.

A charge will be established for unauthorized PIC changes submitted by carriers to Highland Telephone for end-user customers (slamming).

#### ***New Installation Customers***

Highland Telephone customer contact representatives will be provided discussion guidelines that will provide a new customer with the following information:

1. Inform the customer that a choice of intraLATA toll providers is now available to him or her.
2. Offer to read the customer a list of available carriers in randomly generated order.
3. Advise the customer that various carriers provide intraLATA toll service.

Customers who do not make a positive choice for an intraLATA toll carrier will be notified that they will not be automatically defaulted to a carrier and will be required to dial an access code to place intraLATA toll calls until they make an affirmative choice for an intraLATA toll carrier.

#### ***PIC Charge Waive Period***

Customers will be given a period of ninety (90) days within which to make one change of their preferred carrier at no cost to the customer. This waiver period will begin on August 1, 1999. The costs associated with this waiver will be recovered through the general cost recovery mechanism.

#### **V. Customer Education/Notification**

At the time of implementation of the Plan, Highland Telephone will issue a press release announcing the availability of intraLATA 1+ subscription. This press release will announce the opportunity to choose a primary intraLATA carrier and explain the 90 day waiver period for a period of 90 days beginning with the date that the Plan is implemented.

Highland Telephone will notify all existing end users via a direct mailing and a bill message regarding intraLATA subscription implementation and explain their opportunity to select an intraLATA carrier. The wording of the customer notification includes an explanation of the PIC change charge waiver period and

is shown as Exhibit A. Customer telephone directories will be updated as new editions are published to reflect the opportunity for customers to choose an intraLATA toll carrier. After implementation, all new customers will be advised of intraLATA availability and requested to make an intraLATA carrier selection.

#### **VI. Carrier Notification**

Current interexchange carriers will be notified of Highland Telephone intraLATA toll dialing parity implementation via Certified U.S. Mail as soon as possible after the Plan's approval by the TRA, with a subsequent notification at the time of implementation. Carriers that currently participate in interLATA toll will be assumed to be participants in the intraLATA toll market. Certified carriers who enter the market after implementation will be added to the list of participating carriers within 30 days of notifying Highland Telephone.

#### **VII. Operator Services and Directory Assistance**

Access to Operator Services and Directory Assistance will continue to be available through the customer's local exchange carrier or interLATA carrier. No industry standard exists for access to Operator Services and Directory Assistance unique to intraLATA services. For Operator Services, customers dial "0" to reach their local exchange operator and "00" to reach their interLATA operator. For Directory Assistance, customers dial "1-411" for accessing the local exchange Directory Assistance and dial "1-NPA-555-1212" for accessing their interLATA carrier's Directory Assistance.

#### **VIII. Cost Recovery**

In accordance with 47 C.F.R Section 51.215, adopted in the FCC's Second Report and Order and Memorandum Opinion and Order in CC Docket No. 96-98, cost recovery for the incremental cost of dialing parity; specific switch software, and necessary hardware and signaling system upgrades, and customer education costs that are specifically to implement dialing parity, will be implemented in a competitively neutral manner across all providers of telephone toll service in the area served by Highland Telephone. Incremental costs will be recovered from all carriers through a rate element based upon originating intrastate switched access minutes of use ("MOUs") during the 4 year cost recovery period. Attached, as Exhibit B, is a detailed explanation of the Cost Recovery methodology. An annual true-up will be conducted and reported to the TRA.

#### **IX. Statement of Compliance**

Highland Telephone will comply with all rules of the FCC and the TRA.

## **Exhibit A**

### **BILL MESSAGE**

"Highland Telephone implemented local toll 1+ subscription service on August 1, 1999. You are now able to choose a local toll provider. Your current carrier will continue to provide this service for you or you may select another carrier. You may select the same provider as your interstate long distance service provider or you may select a different provider for each service. Your first selection prior to October 31, 1999 will be free."

### **DIRECT MAILING**

#### IMPORTANT NOTICE ABOUT LOCAL TOLL SERVICE

"As of August 1, 1999, you are able to choose your provider of "1+" local toll service. This change allows you to remain with your current carrier or select a different long distance carrier for local toll calls. Please refer to the information pages in the front of your Highland Telephone telephone directory under "Long Distance Service" for a description of toll calling areas.

If you would like to select a different carrier for your "1+" local toll service, you should contact that company. No action is necessary to keep current your provider for these local toll calls.

From August 1, 1999 until October 31, 1999 you will be able to change your local toll carrier one time without charge. There may be a charge for each subsequent change you make in local toll companies."

BASS, BERRY & SIMS PLC

A PROFESSIONAL LIMITED LIABILITY COMPANY  
ATTORNEYS AT LAW

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REC'D TN

REGULATORY AUTH.

KNOXVILLE OFFICE:  
1700 RIVERVIEW TOWER  
KNOXVILLE, TN 37901-1509  
(423) 521-6200

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May 18, 1999 OFFICE OF THE  
EXECUTIVE SECRETARY

Mr. K. David Waddell  
Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

**IN RE: Highland Telephone Cooperative, Inc.**  
**IntraLATA Dialing Parity Implementation Plan**

Dear Mr. Waddell:

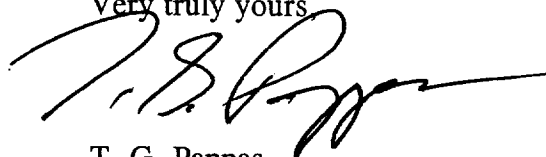
The TRA staff has requested certain additional information from our client Highland Telephone Cooperative, Inc. in connection with a review that the staff is conducting of our client's IntraLATA Toll Dialing Parity Implementation Plan (the "Plan") dated April 21, 1999.

Enclosed please find an original and thirteen copies of:

1. Addendum to the Plan dated May 17, 1999.
2. Revised Exhibit B to the Plan, also revised as of May 17, 1999, to be substituted for Exhibit B to the Plan filed April 22, 1999.

With kindest regards, I remain

Very truly yours,



T. G. Pappas

TGP/br#2023234

Enclosures

cc: Mr. Carsie Mundy  
Richard Collier, Esq.  
James H. Hamby  
Thomas J. Moorman, Esq.

**Addendum to April 22, 1999  
IntraLATA Toll Dialing Parity Implementation Plan  
Highland Telephone Cooperative, Inc.**

**1. List of Exchanges**

As indicated in the Company's IntraLATA Toll Dialing Parity Implementation Plan, (the "Plan"), the Company will provide intraLATA toll dialing parity in all of its Tennessee exchanges. Those exchanges, all of which are located in the "423" area code, are:

<u>Exchange</u>	<u>NXX</u>	<u>Exchange</u>	<u>NXX</u>
Deer Lodge	965	Petros	324
Huntsville	663	Robbins	627
Oakdale	369	Sunbright	628
Oneida	569	Wartburg	346

**2. Customer Education/Notification**

Consistent with its proposed implementation date of thirty days after Tennessee Regulatory Authority ("TRA") approval of the Plan, the Company will issue a press release announcing the opportunity for customers to choose a primary intraLATA carrier and explain the 90 day waiver period for a period of 90 days beginning with the date that the Plan is implemented. The Company will also notify all existing customers via a direct mailing as soon as possible after receipt of the Plan's approval by the TRA, and will insert a bill message regarding this new service option within the next billing cycle after receipt of such approval. As an example, Exhibit A to the Plan provided the text of such announcements, assuming approval was received on or by the Company on or around July 1, 1999. Accordingly, these messages will be revised based on the date that the TRA approves the Company's Plan.

**3. Compliance with the Tennessee Regulatory Authority Anti-Slamming Rules**

The Company shall comply with rules established by the TRA applicable to the Local Exchange Carriers ("LECs") with respect to changes in a customer's preferred carrier as contained in TRA Rule 1220-4-2-.56 "Verification of Orders for Changes by Local and Long Distance Telecommunications Carriers." In addition, the Company will institute policies and practices consistent with the obligations set forth in TRA Rules 1220-4-2-.56 which require other Local Exchange Carriers to file tariffs regarding preferred carrier freezes.

**4. Establishment of Cost Recovery Rate Element**

The Company provides an amended Exhibit B to reflect a revised calculation of the Company's initial equal access rate element. This revision is due to an inadvertent use of total intrastate/intraLATA minutes rather than limiting the calculation only to originating intrastate intraLATA minutes of use as reflected in the Plan itself.

**5. Existing Customers' Selection of IntraLATA Toll Providers**

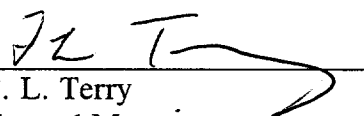
The Company hereby clarifies Section IV of its Plan that, subject to the approval of the TRA, the Company's preference is to have an existing customer continue to use the current intraLATA 1+ toll provider until such time as that customer makes an affirmative choice to select another provider.

**6. Clarification of County-Wide Calling**

The Company clarifies Section II of its Plan with respect to its reference to the continuation of county-wide calling after the implementation of the Plan. Accordingly, the Company amends the last sentence of Section II to state:

"Highland Telephone will continue to process toll-free intraLATA county-wide calls in this manner for toll customers after implementation of intraLATA toll dialing."

Executed this 17<sup>th</sup> day of May, 1999

  
F. L. Terry  
General Manager  
7810 Morgan County Hwy  
P.O. Box 119  
Sunbright, TN 37872  
Phone: (423) 628-2121

**Exhibit B**

**TENNESSEE  
METHODOLOGY FOR RECOVERY OF COSTS  
ASSOCIATED WITH  
IMPLEMENTATION OF INTRALATA SUBSCRIPTION**

CALCULATION OF INITIAL EQUAL ACCESS RATE ELEMENT

Step 1: Identify the estimated total incremental costs directly attributable to the provisioning of IntraLATA Subscription.

\$ 29,507.00

Step 2: Identify estimated total Originating  
Intrastate/IntraLATA minutes of use for the 4 year recovery  
period.

73,418,816

Step 3: Calculate a cost recovery rate by dividing amount in  
Step 1 by the Minutes of Use in Step 2.

\$0.00040

ANNUAL TRUE-UP OF EQUAL ACCESS RATE ELEMENT

Repeat Steps 1 through 3 and calculate an updated access rate element by dividing amount in Step 1, adjusted by the previous year/years cost recovery.

(Revised May 17, 1999)